

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

E-01773A  
Arizona Electric Power Cooperative, Inc.  
PO Box 670  
Benson, AZ 85602

RECEIVED

CLARK COUNTY  
MAY 10 2008

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2007
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FOR COMMISSION USE

ANN 01	07
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PROCESSED BY:

4-14-08

SCANNED

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Arizona Electric Power Coop. Inc.</u>			
<b>Mailing Address</b> <u>PO box 670</u>			
(Street)			
<u>Benson</u>	<u>AZ</u>	<u>85602</u>	
(City)	(State)	(Zip)	
<u>520-586-3631</u>	<u>520-586-5343</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>Local Office Mailing Address</b> <u>Same as above</u>			
(Street)			
<u></u>	<u></u>	<u></u>	
(City)	(State)	(Zip)	
<u></u>	<u></u>	<u></u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> _____			

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Gary Grim</u>				<u>Senior Vice President &amp; Chief Operating Officer</u>			
(Name)				(Title)			
<u>3525 N. Hwy. 191</u>	<u>Cochise</u>	<u>AZ</u>	<u>85606</u>				
(Street)	(City)	(State)	(Zip)				
<u>520-584-4256</u>	<u>520-384-6557</u>						
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)					
<b>Email Address</b> _____							
<b>On Site Manager:</b> <u>Same as above</u>							
(Name)							
<u></u>	<u></u>	<u></u>	<u></u>				
(Street)	(City)	(State)	(Zip)				
<u></u>	<u></u>						
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)					
<b>Email Address</b> _____							

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** Rusing and Lopez PLLC

(Name)

6262N. Swan Rd.

Tucson,

AZ

85718

(Street)

(City)

(State)

(Zip)

520-792-4800

520-529-4262

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Attorney:** Same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address**

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☒ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☒ STATEWIDE

## SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

☒ **Electric**

- ☐ Investor Owned Electric
- ☒ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
  - ☐ Transmission Service Provider
  - ☐ Meter Service Provider
  - ☐ Meter Reading Service Provider
  - ☐ Billing and Collection
  - ☐ Ancillary Services
  - ☐ Generation Provider
  - ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other (Specify)** \_\_\_\_\_  
\_\_\_\_\_

## STATISTICAL INFORMATION

### TELECOMMUNICATION UTILITIES ONLY

Total residence local exchange access lines	_____
Total business local exchange access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

**STATISTICAL INFORMATION (CONT'D)**

**ELECTRIC UTILITY PROVIDERS ONLY**

Total number of customers

Residential

Commercial

Industrial

Public street and highway lighting

Irrigation

Resale

28

Total kilowatt-hours sold

kWh

Residential

Commercial

Industrial

Public street and highway lighting

Irrigation

Resale

3,712,884,814

Maximum Peak Load

597.5

MW

**GAS UTILITIES ONLY**

Total number of customers

Residential

Commercial

Industrial

Irrigation

Resale

Total therms sold

therms

Residential

Commercial

Industrial

Irrigation

Resale

VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only

VERIFICATION

STATE OF \_\_\_\_\_

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<b>Cochise</b>
NAME (OWNER OR OFFICIAL) TITLE
<b>Dirk C. Minson Chief Financial Officer</b>
COMPANY NAME
<b>Arizona Electric Power Coop., Inc.</b>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

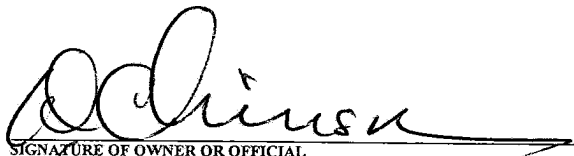
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 203,615,481

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 0  
IN SALES TAXES BILLED, OR COLLECTED)

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

  
SIGNATURE OF OWNER OR OFFICIAL  
520.586.3631  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

11th

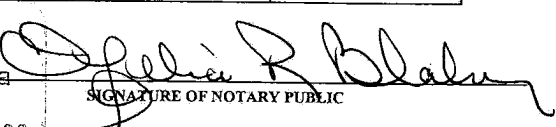
DAY OF

COUNTY NAME
<u>Cochise</u>
MONTH
<u>April</u>
YEAR
<u>2008</u>

(SEAL)



OFFICIAL SEAL  
OFELIA R. BLAKEY  
Notary Public - Arizona  
COCHISE COUNTY  
My Comm Exp July/12/2008

  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <b>Cochise</b>	
NAME (OWNER OR OFFICIAL) <b>Dirk C. Minson</b>	TITLE <b>Chief Financial Officer</b>
COMPANY NAME	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>0</u>

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 0  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X *Dirk C. Minson*  
SIGNATURE OF OWNER OR OFFICIAL  
520.586.3631  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

11th

DAY OF

(SEAL)

MY COMMISSION EXPIRES



OFFICIAL SEAL  
OFELIA R. BLAKEY  
Notary Public - Arizona  
COCHISE COUNTY  
My Comm Exp July 12/2008

NOTARY PUBLIC NAME <u>Ofelia R. Blakey</u>	
COUNTY NAME <u>Cochise</u>	
MONTH <u>April</u>	YEAR <u>2008</u>

X *Ofelia R. Blakey*  
SIGNATURE OF NOTARY PUBLIC

## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2007) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**



# Arizona Electric Power Cooperative, Inc.

Statement of Operations

For Year ended December 31, 2007

Subject to Audit

3/31/2008

	Current YTD	Plan YTD	Variance	Description	11 mo 2007	Prior Yr 2006	
	<b><u>Operating Revenues</u></b>						
1	24,672,520	28,811,000	(4,138,480)	4100010 Class A - Firm Fuel Adjuster	25,844,824	19,399,016	1
2	68,800,293	65,801,000	2,999,293	4101000 Class A - Firm Demand	63,585,311	63,817,428	2
3	52,434,246	51,203,000	1,231,246	4101100 Class A - Firm Energy	48,350,598	49,054,834	3
4	296,805	0	296,805	4101200 Class A - Firm ACC Assessment	273,884	251,797	4
5	16,905,974	9,666,000	7,239,974	4120000 Class A - Transmission Demand	15,771,707	15,978,287	5
6	177,397	0	177,397	4101600 Class A - Non Firm Energy	177,397	130,761	6
7	163,287,235	155,481,000	7,806,235	Class A Member Revenue	154,003,721	148,632,123	7
8	3,452,789	3,385,090	67,699	4102000 Class B - Demand	3,194,982	3,040,180	8
9	3,027,842	3,013,260	14,582	4102100 Class B - Energy	2,814,073	2,785,443	9
10	94,018	0	94,018	4102810 Class B - React Supp	88,100	61,810	10
11	101,118	0	101,118	4102820 Class B - Reg & Freq	94,654	87,722	11
12	0	0	0	4102830 Class B - Energy Imb	0	0	12
13	6,575,768	6,398,350	277,418	Class B Member Revenue - Mesa	6,191,809	5,975,155	13
14	17,995,591	18,389,820	(394,229)	4103000 Class B - Demand	15,321,879	16,216,279	14
15	15,720,482	14,926,790	793,692	4103100 Class B - Energy	14,144,013	14,140,294	15
16	33,716,073	33,316,610	399,463	Class B Member Revenue - SRP	29,465,892	30,356,573	16
17	2,508,084	0	2,508,084	4104100 Class D - Firm Energy	2,096,443	0	17
18	209,438	0	209,438	4120100 Class D - Other Service Revenues	186,859	0	18
19	2,717,522	0	2,717,522	Class D Member Revenue - Valley	2,283,302	0	19
20	1,454,345	1,648,670	(194,325)	4104000 Non Members - Firm Demand	1,220,353	1,319,518	20
21	2,172,080	1,607,070	565,010	4104100 Non Members - Firm Energy	2,294,991	4,441,161	21
22	1,748,001	2,090,300	(342,299)	4104200 Non Members - Non Firm	1,355,986	106,740	22
23	25,782	0	25,782	4104300 Non Members - Emerg	25,671	8,980	23
24	5,400,207	5,346,040	54,167	Non Member Revenue	4,897,001	5,876,399	24
25	850,597	780,000	70,597	4120000 Other Operating Revenues	439,171	904,544	25
26	130,515	0	130,515	4120100 Other Service Revenues	120,817	0	26
27	981,112	780,000	201,112	Other Operating Revenue	559,988	904,544	27
28	212,777,918	201,322,000	11,455,918	** Total Operating Revenues	197,401,713	191,744,794	28
	<b><u>Operating Expenses</u></b>						
29	41,230,237	40,600,000	630,237	* Purchased Power	36,608,125	35,445,432	29
30	67,893,436	71,806,000	(3,912,564)	** Total Fuel	62,747,840	59,617,803	30
31	25,955,051	18,290,000	7,665,051	* Wheeling & Ancillary Services	23,760,014	25,215,589	31
32	9,672,759	9,201,000	471,759	* Administrative and General (Incl. Teamworks)	9,214,540	9,464,618	32
33	10,025,145	10,591,000	(565,855)	* Generation Operations	10,049,722	10,759,303	33
34	16,447,209	16,315,000	132,209	* Generation Maintenance	14,172,146	15,879,691	34
35	7,985,116	7,675,000	310,116	* Depreciation and Amortization	7,343,736	7,800,925	35
36	3,340,972	3,025,000	315,972	* Taxes	2,983,289	3,292,877	36
37	182,549,925	177,503,000	5,046,925	*** Total Operating Expenses	166,879,412	167,476,238	37
38	30,227,993	23,819,000	6,408,993	**** OPERATING MARGINS	30,522,301	24,268,556	38
	<b><u>Other Income &amp; Expenses</u></b>						
39	1,210,453	0	1,210,453	** 4110100 Operating Gain - Asset Retirement Obl.	0	0	39
40	796,489	780,000	16,489	* Interest Income	672,465	828,495	40
41	156,371	461,000	(304,629)	* Interest During Const. (IDC)	146,168	54,553	41
42	179,791	331,000	(151,209)	* Capital Credits from Cooperatives	179,791	103,029	42
43	778,158	296,000	482,158	* Other Non-Op Income (Lease & Other)	793,385	2,462,994	43
44	1,910,808	1,868,000	42,808	** Total Other Income	1,791,809	3,449,071	44
45	(11,347,878)	(11,275,000)	(72,878)	5721000 Interest Expense L/T Debt	(10,477,866)	(12,401,645)	45
46	(1,702,837)	(588,000)	(1,114,837)	5725000 Other Interest Expense	(1,414,057)	(1,261,568)	46
47	(13,050,715)	(11,863,000)	(1,187,715)	* Interest Expense	(11,891,923)	(13,663,213)	47
48	251,090	975,000	(723,910)	* Other Deductions	200	(73,906)	48
49	(12,799,625)	(10,888,000)	(1,911,625)	*** Total Interest and Other Deductions	(11,891,723)	(13,737,119)	49
50	20,549,629	14,799,000	5,750,629	***** NET MARGINS	20,422,387	13,980,508	50
51	2.811	2.250		TIER		2.127	51
52	1.368	1.180		DSC		1.159	52

# Arizona Electric Power Cooperative, Inc.

## Balance Sheet

For Month Ended December 31, 2007

Subject to Audit

3/31/2008

Page 1

Item	Text for B/S P&L item	Total December 2007	Total December 2006	Difference
	<b>ASSETS</b>			
	<b>CASH &amp; CASH EQUIVALENTS</b>			
1	**Total Special Deposits	3,383,724	2,930,040	453,684
2	**Total Temporary Investments	6,222,086	8,054,807	(1,832,721)
3	** Total Petty Cash	2,903	2,231	672
4	** Total Bank Accounts	594,452	471,481	122,971
5	*** Total Cash & Cash Equivalents	10,203,165	11,458,559	(1,255,394)
	<b>ACCOUNTS RECEIVABLE</b>			
6	* Total Receivables - Domestic	19,864,953	18,041,263	3,823,690
7	* Total Intercompany Receivables	4,385,105	2,743,922	1,641,183
8	** Total Other Receivables	6,292,146	12,351,534	(6,059,388)
9	*** Accounts Receivable	30,542,204	31,136,719	(594,515)
	<b>INVENTORIES</b>			
10	** Total Materials & Supplies	5,610,892	5,563,056	47,836
11	** Total Fuel Stock & Coal	7,517,725	5,205,633	2,312,092
12	** Total Gas Storage & Imbalance	1,002,897	936,874	66,023
13	** Total Chemical & Stores Expense	697,041	662,177	34,864
14	*** Total Inventories	14,828,555	12,367,739	2,460,816
	<b>OTHER CURRENT ASSETS</b>			
15	** Total Interest Receivable	129,365	307,032	(177,667)
16	** Total Other	6,037,863	7,246,976	(1,209,113)
17	** Total Other Current Assets	6,167,228	7,554,007	(1,386,779)
	<b>PREPAYMENTS</b>			
18	*** Total Prepayments	1,166,881	981,158	185,723
	<b>PROPERTY, PLANT, &amp; EQUIPMENT</b>			
19	*** Total Property, Plant, & Equipment	395,072,085	402,432,541	(7,360,456)
	<b>ACCUMULATED DEPRECIATION ON PP&amp;E</b>			
20	*** Accumulated Depreciation on PP&E	(198,973,117)	(207,770,010)	8,796,893
	<b>Construction Work in Progress</b>			
21	*** Total Construction Work in Progress	3,271,182	6,755,225	(3,484,043)
	<b>OTHER LONG TERM ASSETS</b>			
22	**Total Investments	10,636,466	12,836,604	(2,200,138)
23	**Total Special Funds	2,826,713	2,813,814	12,899
24	*** Total Other Long Term Assets	13,463,179	15,650,418	(2,187,239)
25	**** TOTAL ASSETS	275,741,362	280,566,358	(4,824,996)

# Arizona Electric Power Cooperative, Inc.

## Balance Sheet

For Month Ended December 31, 2007

Subject to Audit

3/31/2008

Page 2

Item	Text for B/S P&L item	Total December 2007	Total December 2006	Difference
	<b>LIABILITIES AND EQUITY</b>			
	<b>CURRENT LIABILITIES</b>			
	<b>PREPAID PAYMENTS</b>			
27	**Total Prepaid Payments	24,699,949	22,873,846	1,826,103
	<b>TRADE PAYABLES</b>			
28	** Total Trade Payables	2,581,353	8,360,048	(5,778,695)
	<b>POWER WHOLESALE</b>			
29	** Total Power Wholesale	4,775,506	5,316,373	(540,867)
	<b>A/P OTHER</b>			
30	** Total A/P Other	1,912,517	1,962,041	(49,524)
	<b>DEFERRED COMP &amp; EMPLOYEE BENEFITS</b>			
31	**Total DEFERRED COMP & EMPLOYEE BENEFITS	867,164	569,528	297,636
	<b>TAX PAYABLE</b>			
32	** Total Tax Payable	2,212,431	2,029,552	182,879
	<b>INTEREST PAYABLE</b>			
33	** Total Interest Payable	965,726	1,088,059	(122,333)
	<b>INTERCOMPANY PAYABLES</b>			
34	** Total Intercompany Payables	1,179,695	1,704,839	(525,144)
	<b>OTHER CURRENT LIABILITIES</b>			
35	** Total Other Current Liabilities	2,057,718	5,513,289	(3,455,571)
36	*** Current Liabilities	41,252,059	49,417,574	(8,165,515)
	<b>LOANS/NOTES PAYABLE</b>			
37	**Total Loans/Notes Payable	171,443,982	195,415,425	(23,971,443)
	<b>OTHER LONG TERM LIABILITIES</b>			
38	** Total Other Long Term Liabilities	5,842,928	10,278,279	(4,435,351)
39	*** Total Long Term Liabilities	177,286,910	205,693,704	(28,406,794)
	<b>EQUITY</b>			
	<b>MEMBERSHIPS</b>			
40	2000000 Memberships	430	330	100
41	** Total Memberships	430	330	100
	<b>PATRONAGE CAPITAL</b>			
42	2010000 Patronage Capital	17,803,238	17,803,238	0
43	** Total Patronage Capital	17,803,238	17,803,238	0
	<b>RETAINED EARNINGS</b>			
44	3000000 Retained Earnings - Prior Yrs	7,651,512	(6,328,999)	0
45	3010000 Operating Margins	0	13,980,511	0
46	** Total Net Unallocated Retained Earnings Prior Yrs	7,651,512	7,651,512	0
	<b>PROFIT/LOSS CURRENT YEAR</b>			
47	* Total Change in Accounting Method - Overhauls	11,197,584	0	11,197,584
48	* Total Profit/Loss Current Year	20,549,629	0	20,549,629
49	*** Total Equity	57,202,393	25,455,080	31,747,313
50	**** TOTAL LIABILITIES & EQUITY	275,741,362	280,566,358	(4,824,996)